

SENATE BILL 3944

By McNally

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 5, Part 2, relative to property tax
exemptions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated Section 67-5-202 is amended by designating the existing language as subsection (a) and adding the following new subsection

() Property tax exemption statutes contained in this part or otherwise in the code shall be strictly construed to achieve the legislative intent.

SECTION 2. Tennessee Code Annotated Section 67-5-207 is amended by deleting subsection (d) and substituting instead the following:

(d) Subject to the general requirements of this section for exemption of federally assisted housing, there shall also be exempted under this section, those properties owned by not-for-profit organizations and funded under the HOME Investment Partnerships Program (42 U.S.C. § 12701 et seq.) or the state-funded Housing Opportunities Using State Encouragement (HOUSE) Program. To qualify, the property must be used for permanent housing for low income or very low income disabled or handicapped persons.

SECTION 3. Tennessee Code Annotated Section 67-5-212 is amended by deleting subsection (a) (1) and substituting instead the following:

(a)(1) There shall be exempt from property taxation the real and personal property, or any part thereof, owned by any religious, charitable, scientific or nonprofit educational institution that is occupied and actually used by such institution or its officers purely and exclusively for carrying out thereupon one (1) or more of the exempt purposes for which the institution was created or exists. There shall further be exempt

from property taxation the property, or any part thereof, owned by an exempt institution that is occupied and actually used by another exempt institution for one (1) or more of the exempt purposes for which it was created or exists under an arrangement in which the owning institution receives no more rent than a reasonably allocated share of the cost of use, excluding the cost of capital improvements, debt service, depreciation and interest, as determined by the state board of equalization.

SECTION 4. Tennessee Code Annotated Section 67-5-212 (a) is further amended by adding the following new, appropriately designated paragraph at the end of the subsection:

() No church shall be granted an exemption on more than one (1) parsonage, and an exempt parsonage may not include within the exemption more than three (3) acres.

SECTION 5. Tennessee Code Annotated Section 67-5-212 is further amended by deleting subsection (b) (3) (B) and substituting instead the following:

(b)(3)(B) If a religious institution acquires property that was duly exempt at the time of transfer from a transferor who had previously been approved for a religious use exemption of the property, or if a religious institution acquires property to replace its own exempt property, then the effective date of exemption shall be three (3) years prior to the date of application, or the date the acquiring institution began to use the property for religious purposes, whichever is later.

SECTION 6. Nothing in this act shall be construed as affecting a prior final determination of the exempt status of any property in this state.

SECTION 7. This act shall take effect on becoming law, the public welfare requiring it.